

Message Text

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PAGE 01 STOCKH 00657 111604Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03
NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15 EB-08
OMB-01 TRSE-00 /078 W
-----120136Z 009612 /63

R 111505Z FEB 77
FM AMEMBASSY STOCKHOLM
TO SECSTATE WASHDC 9777
INFO AMEMBASSY COPENHAGEN
AMEMBASSY HELSINKI
AMEMBASSY OSLO
USMISSION OECD PARIS

UNCLAS STOCKHOLM 657

E.O. 11652: N/A
TAGS: EFIN, SW
SUBJECT: SOCIAL DEMOCRATS PRESENT SOME ALTERNATIVE BUDGET PROPOSALS

REF: STOCKHOLM 155

1. ON JANUARY 18 THE SOCIAL DEMOCRATIC OPPOSITION IN THE SWEDISH RIKSDAG PRESENTED A "SHADOW BUDGET" WHICH CONTAINED PROPOSALS TO REDUCE THE 1977-78 DEFICIT BY FIVE BILLION SKR THROUGH A COMBINATION OF INCREASED TAXES, LARGEMLY ON EMPLOYERS, AND A MODEST REDUCTION IN OUTLAYS. FALLDIN'S BUDGET PROPOSED EXPENDITURES OF 125 BILLION SKR, AND INCOME OF 109 BILLION SKR THUS CREATING A DEFICIT OF 16 BILLION SKR. THE "SHADOW BUDGET" WOULD CUT THE DEFICIT TO 11 BILLION KRONOR, ROUGHLY COMPARABLE TO GOS DEFICITS OF RECENT YEARS.

2. MAJOR REVENUE INCREASES WOULD BE ACHIEVED THROUGH AN INCREASE IN PAYROLL TAXES OF THREE BILLION KRONOR, INCREASED CHARGES FOR TELEPHONE CALLS AND HIGHER GASOLINE TAXES.

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OTHER MEASURES WOULD RAISE SMALL AMOUNTS THROUGH ADDITIONAL BURDENS ON SELF-EMPLOYED AND SMALL EMPLOYERS.

3. SAVINGS WOULD BE SOUGHT BY CUTTING THE CONTINGENCY FUNDS FROM FALLDIN'S PROPOSED FOUR-BILLION KRONOR TO THREE BILLION AND MINOR READJUSTMENTS IN THE BUDGETS OF THE MINISTRIES OF HOUSING, EDUCATION, AND LABOR.

4. THE SOCIAL DEMOCRATS PROPOSALS WILL PRESUMABLY ENTER INTO THE BUDGET DEBATE. THEIR SIGNIFICANCE LIES NOT SO MUCH IN THEIR SPECIFICS AS THAT THEY REPRESENT AN EFFORT TO INSTITUTE THE PRACTICE OF AN OPPOSITION BUDGET. THE SUM BY WHCH THEY PURPORT TO REDUCE NEXT YEAR'S DEFICIT IS EQUAL TO THE AMOUNT WHICH THE FALLDIN GOVERNMENT HAS ANNOUNCED IT WILL BORROW IN THE GOVERNMENT'S NAME FROM FOREIGN BANKERS, A LINKAGE WHICH THE SOCIAL DEMOCRATS DID NOT FAIL TO MAKE
SMITH

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT BUDGET
Control Number: n/a
Copy: SINGLE
Sent Date: 11-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STOCKH00657
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